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## Information

### *Fiscal Policy and Planning Committee of the Whole*

#### **Overview of the Legislative Analyst's Review of the 2004-05 Proposed Governor's Budget**

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**Executive Summary:** On February 18, 2004, the Legislative Analyst's Office presented their *Analysis of the 2004-05 Budget Bill* (LAO Analysis). This agenda item outlines the major programmatic recommendations included in the LAO Analysis as it pertains to the Commission on Teacher Credentialing (Commission).

#### **Recommended Action:** Information

**Presenter:** Leyne Milstein, Director  
Information Technology and Support  
Management Division



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# Overview of the Legislative Analyst's Review of the 2004-05 Proposed Governor's Budget

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## Introduction

On February 18, 2004, the Legislative Analyst's Office presented their *Analysis of the 2004-05 Budget Bill* (LAO Analysis). This agenda item outlines the major programmatic recommendations included in the LAO Analysis as it pertains to the Commission on Teacher Credentialing (Commission).

## Background

This year the Commission was not specifically referenced in the LAO Analysis, however three of our Local Assistance programs (Intern, Paraprofessional Teacher Training Program, and Beginning Teacher Support and Assessment) were included as part of a proposed "Teacher Quality Block Grant." This proposal would move 10 programs into a block grant to be administered by the California Department of Education and according to the LAO would "allow the state to retain its focus on teacher quality while simultaneously allowing school districts to pool their existing resources and use them more strategically." The LAO has specified the following rationale for this proposal:

***Teacher Quality Is Key to State Reform Efforts.*** Research consistently has found teacher quality to be the most important school-site determinant of student achievement and a vital ingredient in any school improvement program. Largely based upon recent research indicating that California continues to suffer from an inadequate number and an inequitable distribution of qualified teachers, the state has made substantial investments in teacher quality over the last decade. The *2001-02 Budget Act* included more than \$800 million for teacher quality programs. Even after considerable reductions over the last two years, the Governor's budget proposal includes more than \$400 million in teacher-related funds.

***Federal Reforms Also Stress Teacher Quality.*** Federal law also places considerable emphasis on teacher quality. Indeed, by the end of the 2005-06 school year, federal law is requiring all teachers working in public schools to be "highly qualified" in all the core subjects they teach. Despite this requirement and the short period within which states have to comply, the Governor's revenue limit proposal essentially would dismantle the state's teacher quality efforts. Moreover, in a related proposal, the Governor's budget eliminates the preintern program—the program the state has developed specifically to help unqualified teachers demonstrate subject matter competency. Taken together, these actions send a very dubious message regarding the state's commitment to helping school districts meet the new federal requirements.

The LAO proposal also includes the development of a comprehensive teacher information system to “ensure that the greater flexibility provided through a teacher quality block grant is balanced with greater accountability.” Accordingly, the LAO proposal recommends that the Legislature: (1) develop clear teacher quality objectives and associated performance measures, (2) enhance data-collection efforts to ensure performance can be tracked, and (3) provide feedback and assistance to struggling school districts.

This proposal is similar to other block grant packages that have been proposed over the past couple years and components of this are likely to be included in the discussion of the categorical reform measures that we are currently tracking.

The LAO Analysis specific to Teacher Quality is provided on the next several pages for your review. A complete version of the LAO Analysis can be found at the following website [www.lao.ca.gov](http://www.lao.ca.gov). As new information becomes available staff will provide an update at the next meeting. Staff is available to answer any questions you may have.



## Analysis of the 2004-05 Budget Bill

**Legislative Analyst's Office  
February 2004**

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### Teacher Quality

Currently, the state provides Proposition 98 funding for 11 teacher support and development programs. Each of these 11 programs has a slightly different objective and is designed for a slightly different group of teachers. For example, the state has separate programs for teaching assistants, new teachers who lack adequate subject matter training, new teachers who lack adequate pedagogical training, new teachers who have sufficient subject matter and pedagogical training but need extra classroom support and mentoring, veteran teachers who are struggling, veteran teachers who are not struggling but might benefit from one to three-day workshops, veteran teachers who seek special leadership training, and veteran teachers who seek National Board certification.

The Governor's budget proposes to eliminate one of these programs, retain three programs, and shift funding associated with the remaining seven programs into school districts' revenue limits. Specifically, the Governor's budget eliminates funding for the preintern program because preinterns, by definition, have not demonstrated subject matter competency and therefore do not meet the new federal requirements for highly qualified teachers. Additionally, the Governor's budget retains three teacher-related programs as distinct categorical programs for which certain school districts may apply separately for funding. Lastly, the Governor's budget shifts funding for seven teacher-related programs into revenue limits. Although these seven programs would retain statutory authorization, all associated funding provisions would be removed.

Figure 1 identifies the specific teacher-related programs that would be shifted into revenue limits and those that would be retained as separate categorical programs per the Governor's budget proposal. As the figure shows, the Governor's budget includes a total of \$423 million (Proposition 98) for teacher-related programs. Of this amount, \$385 million would be shifted into revenue limits. The remainder would be distributed according to existing program-specific rules.

<b>Figure 1</b>	
<b>Administration's Categorical Reform Proposal For Teacher Quality Programs</b>	
<b>Teacher-Related Programs</b>	<b>2004-05 Appropriation (In Millions)</b>
<b>Shifted Into Revenue Limits</b>	
Staff Development Buyout Days	\$235.7
Beginning Teacher Support and Assessment	87.5
Intersegmental Staff Development <sup>a</sup>	2.0
Bilingual Teacher Training	1.8
Mathematics and Reading Professional Development	31.7
Peer Assistance and Review	25.9
<b>Total</b>	<b>\$384.6</b>
<b>Retained as Separate Categorical Programs</b>	
National Board Certification Incentives	\$7.3
Intern program	24.9
Paraprofessional teacher training program	6.6
<b>Total</b>	<b>\$38.8</b>
<b>Grand Total</b>	<b>\$423.4</b>
<sup>a</sup> Refers to two small programs—the College Readiness program and the Comprehensive Teacher Education Institutes.	

In this section, we briefly summarize our concerns with the administration's proposal specifically as it relates to teacher-related programs. As an alternative to shifting these programs into revenue limits, we recommend the Legislature consolidate all ten remaining programs into a teacher quality block grant and link funding with specific outcome measures and data requirements.

#### Shifting Sends Confusing Message

In the previous piece, we discussed our overall concerns with the administration's categorical reform proposal and offered alternative criteria for identifying whether specific categorical programs would be appropriate candidates for shifting into revenue limits. Based upon these criteria, we recommend the Legislature maintain separate funding associated with teacher-related programs rather than shifting them into revenue limits. Our primary concern with the Governor's proposal is the confusing message it sends to the school community at this time. Despite research findings, large state investments, and new federal requirements all emphasizing teacher quality, the Governor's budget proposal would eliminate virtually all state focus on teacher quality.

***Teacher Quality Is Key to State Reform Efforts.*** Research consistently has found teacher quality to be the most important school-site determinant of student achievement and a vital ingredient in

any school improvement program. Largely based upon recent research indicating that California continues to suffer from an inadequate number and an inequitable distribution of qualified teachers, the state has made substantial investments in teacher quality over the last decade. The *2001-02 Budget Act* included more than \$800 million for teacher quality programs. Even after considerable reductions over the last two years, the Governor's budget proposal includes more than \$400 million in teacher-related funds.

***Federal Reforms Also Stress Teacher Quality.*** Federal law also places considerable emphasis on teacher quality. Indeed, by the end of the 2005-06 school year, federal law is requiring all teachers working in public schools to be "highly qualified" in all the core subjects they teach. Despite this requirement and the short period within which states have to comply, the Governor's revenue limit proposal essentially would dismantle the state's teacher quality efforts. Moreover, in a related proposal, the Governor's budget eliminates the preintern program—the program the state has developed specifically to help unqualified teachers demonstrate subject matter competency. Taken together, these actions send a very dubious message regarding the state's commitment to helping school districts meet the new federal requirements.

#### Retaining Existing System Perpetuates Mixed Messages

The existing system of staff development programs suffers from its own mixed messages. For the last two years, our *Analysis* has included sections detailing many of the problems with the existing system. The state currently is funding a dizzying array of programs that have overlapping objectives yet are poorly coordinated. For example, the state supports three different programs for new teachers, though new teachers may participate in only one program at a time. Moreover, the new teachers who are least prepared (many of whom are working in the most difficult schools) are required to participate in the program that offers the smallest amount of funding, least amount of support, and most narrowly defined services. For veteran teachers, the state's largest program funds one-to-three day workshops—a type of professional development that research has found to be relatively ineffective. Add to this the fact that few of the programs are linked with specific outcome measures and none has periodic reporting or evaluation requirements. (Even if they did have evaluation components, the lack of a teacher-level data system makes it virtually impossible to track teacher improvement in any meaningful way.)

#### Consolidate Existing Programs Into Teacher Quality Block Grant

***Given the concerns expressed above, we recommend the Legislature consolidate the ten remaining teacher-related programs into a teacher quality block grant. This would allow the state to retain its focus on teacher quality while simultaneously allowing school districts to pool their existing resources and use them more strategically.***

Rather than shifting most teacher-related programs into revenue limits or retaining them as separate categorical programs, we recommend the Legislature consolidate all ten programs into a teacher quality block grant. Below, we discuss specific recommendations relating to the basic elements of the block grant.

- ***Simple Funding Process.*** Similar to the administration's revenue-limit approach, we recommend distributing block grant funding in a simple, streamlined manner using the Department of Education's (SDE) consolidated funding application.
- ***Per Teacher Funding Rates.*** We recommend allocating funding to school districts based upon their number of new teachers. Recognizing the additional support new teachers need, we recommend setting a higher funding rate for new teachers than veteran teachers. If funding for these programs were pooled, we estimate that the state would be able to provide \$3,560 per first-year and second-year teacher (slightly higher than the projected 2004-05 Beginning Teacher Support and Assessment rate of \$3,506) and \$1,000 per veteran teacher (slightly higher than the projected 2004-05 Staff Development Buyout rate of \$914). (These 2004-05 rates do not include funding currently provided for the National Board program because most of this funding would be used to honor existing state obligations. Annually, as existing awards expire, National Board funding could be shifted into the block grant, thereby raising per teacher funding rates.)
- ***Broad Discretion to Implement Teacher Quality Programs.*** We recommend allowing school districts broad discretion to implement teacher quality programs that are tailored to their specific needs. Districts, therefore, would be allowed to participate in existing state programs, join with nearby districts, county offices, and/or universities to operate collaborative programs, or develop their own programs.
- ***Pooling Resources Allows for More Strategic Deployment.*** Similar to a revenue-limit approach, a block grant allows school districts to pool all available teacher quality funds and dedicate them to their most pressing teacher quality needs. This would help school districts achieve efficiencies by leveraging their existing resources more effectively. For example, a block grant would provide school districts with greater opportunities to conduct more sustained activities for struggling teachers rather than require short-term workshops for all teachers. Additionally, a block grant allows school districts to better coordinate their teacher preparation, induction, and professional development programs, and it simplifies the relatively complex administrative process districts must currently maneuver to obtain teacher quality monies. Lastly, in contrast to a revenue-limit approach, a block grant would have the additional benefit of retaining the state's focus on teacher quality and preserving fiscal incentives for making investments in teacher quality.

#### Enhance Accountability for Improving Teacher Quality

***To ensure that the greater flexibility provided through a teacher quality block grant is balanced with greater accountability, we recommend the Legislature develop a comprehensive teacher information system. Specifically, we recommend the Legislature: (1) develop clear teacher quality objectives and associated performance measures, (2) enhance data-collection efforts to ensure performance can be tracked, and (3) provide feedback and assistance to struggling school districts.***

Whether teacher-related programs ultimately are funded separately, consolidated within a block grant, or shifted into revenue limits, we think the state should have a comprehensive teacher information system that is compatible with the state's student information system. Although a teacher information system is critical under all three funding scenarios, it is particularly critical in a block-grant or revenue-limit environment that has few, if any, specific compliance



requirements. In establishing a teacher information system, we recommend the Legislature include: (1) explicit outcome measures, (2) data reporting requirements, and (3) feedback to struggling school districts.

***Establish Explicit Outcome Measures.*** To hold districts accountable for improving teacher quality, the state's overriding objectives need to be clear and measurable. In other words, the state needs to define the goals of staff development and determine how success is to be measured. We recommend the state evaluate school districts' teacher quality investments by tracking their performance in four areas—beginning teacher quality, teacher retention, professional development, and overall instructional improvement. Figure 2 lists these areas and links each one to a specific outcome measure. Two of these areas—beginning teacher quality and professional development—would overlap with the federal accountability system. The other two areas—teacher retention and instructional improvement—have long been state goals and the basis for several of the state's programs. For ease of assessment and comparison, we recommend the Legislature merge these indicators into an Instructional Performance Index that would be analogous to the state's Academic Performance Index except that it would focus directly on teacher quality.

<b>Figure 2</b>	
<b>Elements of Instructional Performance Index</b>	
<b>Performance Goal</b>	<b>Outcome Measure</b>
<b>Quality of beginning teachers</b>	1. Percent of new teachers with full credentials in subject areas they teach.
<b>Teacher retention</b>	2. Retention rate of beginning teachers.
<b>Professional development</b>	3. Percent of teachers participating in high-quality professional development.
<b>Overall instructional improvement</b>	4. Percent of teachers whose average class score on relevant California Standards Tests improve.

***Promote Strategic Data Collection.*** In addition to establishing explicit outcome measures, we recommend the Legislature develop a comprehensive teacher information system to ensure that teacher quality investments can be monitored and evaluated. Currently, some teacher information is collected by various state agencies, but the state does not coordinate or leverage these independent efforts. Additionally, because no common teacher identifier is being used in the separate data systems that do exist, the value of the data already collected is substantially reduced, and many meaningful state-level analyses cannot be conducted. For example, the state lacks data to determine if certain professional development programs actually enhance either teacher quality or student achievement. Similarly, data are not available to determine if certain

professional development programs are more cost-effective than other programs. Given the considerable shortcomings of these existing data-collection efforts, we recommend the Legislature promote the development of a coordinated teacher-level data system and align it with the student-level data system the state is currently developing. To enable the linking with other state data, we recommend the Legislature require school districts receiving teacher quality block grant funds to provide teacher-level data using a common teacher identifier. If integrated into the automated student-level data system (currently underway using Title VI funds), this would place little additional burden on school district reporting requirements while significantly enhancing the state's ability to conduct meaningful program evaluations.

***Provide Feedback and Assistance to Struggling Districts.*** A comprehensive teacher information system would allow the state to identify the vital ingredients that make certain programs work in certain kinds of school districts. This information would provide significant state-level benefits—helping the state to make wise and strategic investments—but it also would provide significant local-level benefits—helping school districts learn from one another. Thus, we recommend that the teacher information system be used to routinely disseminate best practice models. Moreover, given that the block grant structure would result in fewer program-specific administrative responsibilities for SDE, it could begin shifting resources to provide this kind of feedback to struggling school districts. This feedback might include sharing information about the effective strategies and reform efforts used by similar school districts, helping redesign districts' staff development programs, or connecting struggling districts with high-quality induction and professional development providers.

In sum, we have several concerns with the administration's proposal to shift funding associated with most teacher quality programs into districts' revenue limits. Most importantly, by removing the direct fiscal incentives school districts have for investing in teacher quality, we are concerned that this funding shift might reduce the overall emphasis placed on teacher quality. Rather than the administration's revenue-limit approach, we recommend the Legislature consolidate ten categorical programs into a teacher quality block grant. As a condition of receiving block grant funds, we recommend the Legislature require participating school districts to report teacher-level outcome data in four performance areas. Lastly, we recommend the Legislature embed these data in a new comprehensive teacher information system.